



DEPARTMENT OF THE ARMY
HEADQUARTERS UNITED STATES ARMY FORCES COMMAND
1777 HARDEE AVENUE SW
FORT MCPHERSON GEORGIA 30330-1062

REPLY TO
ATTENTION OF

AFLG-PR

16 October 2001

MEMORANDUM FOR ALL FORSCOM DOCS

SUBJECT: Contracting Information Letter (CIL) 02-02

1. This CIL contains information on the following subjects:
 - a. Allowability of Contractor Costs For Employees Who Perform Active Military Duty in Conjunction With the Current National Emergency.
 - b. Simplified Acquisition Threshold Increase in Support of Operation ENDURING FREEDOM.
 - c. Information Paper – DAU Hybrid Courses.
 - d. Public Vouchers.
 - e. Customary Progress Payment Rate for Large Business.
 - f. Extension of DFARS Class Deviation 99-DEV-03 as 01-DEV-01.
 - g. Contracting for Applied Research.
2. Allowability of Contractor Costs For Employees Who Perform Active Military Duty in Conjunction With the Current National Emergency. Reference memo from the Under Secretary of Defense, 5 October 2001, SAB (encl 1). Extended military leave benefits are to be considered as allowable costs pursuant to FAR 31.206-6, "Compensation for Personal Services."
3. Simplified Acquisition Threshold Increase in Support of Operation ENDURING FREEDOM. Reference memo, SAAL-PP, 10 October 2001 (encl 2). The Simplified Acquisition Threshold is increased to \$200,000 only for contracts awarded and performed, or purchases made, outside the United States in direct support of Operation ENDURING FREEDOM.
4. Information Paper – DAU Hybrid Courses. Reference Information Paper on DAU Hybrid Courses provided at enclosure 3. DAU Hybrid courses are new types of courses created in FY01. Each hybrid course is made up of two courses or parts and has two different modes of delivery. The enclosed information paper provides the most current information about these courses and should answer all questions.
5. Public Vouchers. Reference memo from the Principal Deputy Under Secretary of Defense, 2 October 2001 (encl 4). This memo requests DoD Components to stop requiring contractors to submit detailed cost information as part of the billing process as this is a DCAA responsibility.
6. Customary Progress Payment Rate for Large Business. Reference attached Director of Defense Procurement (DDP) announcement (encl 5) of the DFARS change increasing the progress payment rate for large businesses from 75% to 80% for contract awards made on or after 1 October 2001.

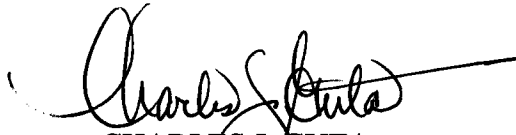
AFLG-PR

SUBJECT: Contracting Information Letter (CIL) 02-02

7. Extension of DFARS Class Deviation 99-DEV-03 as 01-DEV-01. Reference memo, SAAL-PP, 24 September 2001, SAB (encl 6). This deviation will allow continued sale, as well as the exchange, of nonexcess personal property throughout the Army. The deviation will be for a period of two years or until the DFARS is appropriately amended.

8. Contracting for Applied Research. Reference memo from the Under Secretary of Defense, 24 August 2001, SAB (encl 7). This memo discusses contracting for applied research and the use of FAR Part 12.

7 Encls
as

A handwritten signature in black ink, appearing to read "Charles J. Guta", with a long horizontal line extending to the right.

CHARLES J. GUTA

Colonel, AC

Chief, Contracting Division, DCSLOG

Principal Assistant Responsible

for Contracting



ACQUISITION AND
TECHNOLOGY

THE UNDER SECRETARY OF DEFENSE
3010 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-3010

OCT 5 2001



MEMORANDUM FOR DIRECTORS OF DEFENSE AGENCIES
DEPUTY FOR ACQUISITION AND BUSINESS
MANAGEMENT, ASN(RD&A)
DEPUTY ASSISTANT SECRETARY OF THE AIR FORCE
(CONTRACTING), SAF/AQC
DEPUTY ASSISTANT SECRETARY OF THE ARMY
(PROCUREMENT), ASA(ALT)
EXECUTIVE DIRECTOR, LOGISTICS POLICY &
ACQUISITION MANAGEMENT (DLA)

SUBJECT: *Allowability of Contractor Costs for Employees Who Perform Active
Military Duty in Conjunction With the Current National Emergency*

Following the President's recent decision to authorize the call-up of members of the National Guard and Armed Forces Reserves to active military duty in conjunction with the current national emergency, questions have arisen regarding the allowability of various contractor costs for this category of employees. In similar past mobilizations, many companies have chosen to continue certain fringe benefits (e.g., health insurance) for employees who have been called to active military duty and/or to pay these individuals the difference between their civilian and military salaries.

We applaud these voluntary corporate efforts to help mitigate the hardships that the call-up to active military duty places upon Guard and reserve members and their families. Therefore, we wish to clarify that these types of extended military leave benefits are to be considered as allowable costs pursuant to Federal Acquisition Regulation 31.205-6, "Compensation for Personal Services."

Please ensure this guidance receives the widest possible dissemination within the defense acquisition community. My point of contact is Mr. Christopher Werner, (703)695-9764, e-mail: Christopher.Werner@osd.mil.

E. C. Aldridge, Jr.





REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY
ACQUISITION LOGISTICS AND TECHNOLOGY
103 ARMY PENTAGON
WASHINGTON DC 20310-0103



10 OCT 2001

SAAL-PP

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Simplified Acquisition Threshold Increase in Support of Operation
ENDURING FREEDOM

The President on 14 September 2001, by Proclamation 7463, declared a National Emergency as a result of the terrorist attacks on the World Trade Center and the Pentagon, and due to the continuing and immediate threat of further attacks on the United States. The same day, the President signed Executive Order 13223, ordering the Ready Reserve of the Armed Forces to Active Duty, IAW 10 U.S.C §12302.

As a result of the President's actions, Operation ENDURING FREEDOM is determined to be a contingency operation, as defined by 10 U.S.C. § 101(a)(13)(B). The Simplified Acquisition Threshold is therefore increased to \$200,000 only for contracts awarded and performed, or purchases made, outside the United States in direct support of Operation ENDURING FREEDOM, IAW 10 U.S.C § 2302(7), 41 U.S.C. § 403, and FAR 2.101.

The point of contact for this action is Lynn M. Lovell, (703) 681-9292, DSN 761-9292.

Edward G. Elgart
Acting Deputy Assistant Secretary of the Army
(Procurement)

DISTRIBUTION:
COMMANDERS

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U.S. Army Forces Command, ATTN: AFCG, Fort McPherson, GA 30330-6000

U.S. Army Training and Doctrine Command, ATTN: ATCG, Fort Monroe,
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Information Paper - DAU Hybrid Courses

During FY01, the Defense Acquisition University (DAU) created a new type of course. They are known as "hybrid" courses. DAU Hybrid Courses are made-up of two courses or parts. There is a Part-A and Part-B. Each hybrid course has two different modes of delivery. With the exception of LOG 201, Part-A is presented via the DAU Virtual Campus (<https://dau.fedworld.gov>) and Part-B is presented in the classroom (resident/on-site). LOG 201 Part-A is a correspondence course, while Part-B is classroom (resident/on-site). Each student must successfully complete Part 'A', before attending Part 'B'. Both parts must be successfully completed before the student will receive credit for completion of the course, e.g. "BCF 211". Certificates are not issued upon completion of Hybrid Part-A classes.

As of 1 October 2001, the Defense Acquisition University Hybrid courses on the FY02 schedule are as follows:

- ACQ 201, Intermediate Systems Acquisition
- BCF 211, Acquisition Business Management
- LOG 201, Intermediate Acquisition Logistics
- PMT 352, Program Management Office
- PQM 201, Intermediate Production, Quality & Manufacturing
- SYS 201, Intermediate Systems Planning, Research, Development and Engineering

In addition to the hybrid courses identified above, the following DAU courses are scheduled to convert in the 2nd quarter from classroom to hybrid:

- CON 101, Basics of Contracting
- CON 104, Principles of Contract Pricing

Submitting Applications-

The Army Training Requirements and Resources System (ATRRS) Internet Training Registration Systems (AITAS, Acquisition Training Application System (ACQTAS), ACQ Now, and Register-Now!) must be used to apply for attendance at DAU Hybrid courses.

When applying for a hybrid course in one of the ATRRS Internet Training Registration Systems, you must apply for the Part-B course. Therefore if you need to take ACQ 201, you will select ACQ 201B from the "course drop-down list". The Hybrid Part-A courses do not appear on the "course drop-down list". If you want to review the Part-A class dates, go to the ATRRS Internet Training Registration System and click on "Hybrid Schedule" on the main menu page under "Help". This will open up an Excel spreadsheet that will allow you to review the Hybrid Part-A and Part-B Course schedule for the current FY. This spreadsheet will also reflect the last date on which you can be approved for enrollment in the class.

Just remember, you don't apply for Hybrid Course Part-A classes. You submit an application for a Part-B class, and if approved, you will receive a reservation in the Part 'A' course/class. The Part 'A' and 'B' class numbers will be identical.

When an application is submitted for Part-B, a message will appear on the screen notifying you that upon approval of your application a reservation will be made in Part-A, if a Part-A reservation/completion does not already exist within the approved time window (see discussion about "Skill Loss Days). A Part-A reservation could be made even if the student has already completed Part-A.

When an application for Part-B is approved as a reservation, the system will notify the student, supervisor and the approval authority via email if a Part-A reservation was made. A Part-A application is automatically created after a Part-B application has been approved as a 'reservation'. Auto-generated reservations for Part-A will be made in the same school and class number as the Part-B reservation. If the application is approved as a 'wait', no Part-A application is created. When (if) the Part-B 'wait' rolls to a 'reservation', a Part-A application is automatically generated a Part-A reservation made.

If a student has graduated from an earlier version of the Hybrid course, the approving agency will be unable to approve (reservation/wait) their application for the corresponding Part-B course. Example- Graduated from "ACQ 201 (DAU)" and submits application for "ACQ 201B".

When you submit your application, a copy of your student profile is sent to the DAU Virtual Campus (<https://dau.fedworld.gov>). If you don't have a DAU Virtual Campus student account, you will be emailed your "user name" and "password" in two separate messages. If the email address you provided is incorrect, you will not receive them. Receipt of your "user name" and "password" doesn't imply that your training request was approved. If you don't receive them, you should contact the DAU Help Desk at dauhhelp@ntis.fedworld.gov or by telephone 1-888-432-8218 from 08:30 a.m. to 5:30 p.m. Eastern Time.

Requesting Cancellation of a Hybrid Reservation-

Remember, "you may have two reservations- one in Part-A and one in Part-B". Students, who need to cancel out of a hybrid course reservation, must first decide if they need to cancel out Part-A or Part-B or both parts. You should never request cancellation out of Part-A, without also requesting cancellation out of Part-B.

Part-A cancellations are no different than classroom classes. The Instructor is responsible for student attrition from Part-A classes that have already begun. If your Part-A class has started, even though you may not have started, you cannot be canceled out of the class. To be removed from a Part-A class that has started, you will have to contact your Instructor, as provided in the "Welcome to Course" message. Contact the Instructor via email or telephone.

If you want to be removed from a Part-A class that has not yet begun, you will initiate a cancellation request. You will do this via the Training Registration System from which you submitted your training application. If you want to completely cancel out of "ACQ 201", you must initiate cancellation requests for both reservations- ACQ 201A and ACQ 201B. If you only initiate a cancellation request for the Part-B reservation, approval of that

cancellation request will not have any impact on the Part-A reservation. There is no process that will automatically cancel Part-A reservations.

Substituting for Reservations-

When the approval authority substitutes a student for a Part-B reservation, the system automatically generates a corresponding Part-A reservation (if one does not already exist).

Generation of a 2nd Part-A Application & Reservation-

Each DAU Hybrid Course/Class has a "skill loss day" value assigned to it. "Skill Loss Days" is defined as the "maximum number of days allowed for each potential student between the Part-A class end date, that the student successfully completed, and the Part-B class report date that the student has a reservation in". This is an academic value, established by DAU. This value can be assigned at Course and/or Class level. This value is what determines if a student, who has already completed Part-A, but not Part-B, must be reenrolled in Part-A. Prior graduates of Part-A will be required to take Part-A again, if the Part-A end date is prior to the skill loss date. (The skill loss date is calculated by subtracting skill loss days from Part-B report date.) A 2nd Part-A application will be generated and a 2nd Part-A reservation made for students in this category.

With a few exceptions, the skill loss days is currently set at "62" days for each DAU Hybrid class. The exception is ACQ 201B classes that have a class start date of 1 October to 15 December 2001. The skill loss days is set to "90" for those classes.

Last Enrollment Date-

Last enrollment date is a date that is assigned to each DAU Hybrid class. Each class is assigned a value, known as the "minimum enrollment days". "Minimum enrollment days" is the "number of days prior to the Part-A end date that enrollment in the Part-B class can no longer be made". The 'last enrollment date' is calculated by subtracting the "minimum enrollment days" from the Part-A class end date.

Although applications can continue to be submitted up until the day prior to the Part-B report date, the approving agency (RDAISA, AFATO, Navy CMC, & DOD Agencies) can't process hybrid course applications on or after the 'last enrollment date' reflected on the hybrid course schedule when a Part-A reservation is also required. Part-B applications can be processed, beyond the 'last enrollment date' and up to the day prior to the Part-B Report Date, if a Part-A reservation is not required.

With the exception of LOG 201, the "minimum enrollment days" value is currently set at '21' calendar days for each DAU Hybrid Class. LOG 201 is set at '39' days.

Reservation Approval/Acknowledging Your Part-A Enrollment-

Once your application has been approved as a reservation you should receive a confirmation for Part-A and Part-B from the ATRRS Internet Training Registration System you applied. If you don't, you may have provided an incorrect email address. If that is the case, you should go to the system where you applied and review your student profile

information. Required changes should be made. If you do receive email notification from the ATRRS Internet Training Registration System that your request for enrollment in a Hybrid Course has been approved as a reservation, you should wait a minimum of six hours before you access the DAU Virtual Campus. If after six hours, you login to the Campus and it doesn't ask you to "acknowledge" your enrollment in the Hybrid Part-A class, you should contact the ATRRS Help Desk via email at ATRRSHELP@hqda.army.mil.

In addition, you should receive a "Welcome to Course" message from "DAU Online" that provides information, such as when Part-A starts and who your instructor is.

Each DAU Hybrid Part-A class has a set "start" and "end" date. You may be approved to attend a Hybrid course prior to the start of the Part-A class. In these situations, you should login to the DAU Virtual Campus (<https://dau.fedworld.gov>) and acknowledge your enrollment by clicking on the "acknowledge" button. Even though you have acknowledged your enrollment, you will not be able to start until the published start date.

If you are approved after the Part-A start date, you should immediately start the course after you acknowledge your enrollment.

The user name and password that you are issued to access the DAU Virtual Campus, unless changed by you, will remain the same for all DAU courses. Therefore, you should ensure you keep them in a place where you will not forget what they are.

Part A/B Class Separation Days-

To perform Hybrid Course Management in ATRRS, the separation between the Part-A and Part-B identical class numbers must be consistently the same number of days. When the separation days vary, applications can't be processed and therefore reservations can't be made.

ATRRS has a data element titled, "session separation days". "Session separation days" is a numeric value. It is the "number of days required between the Part-A class end date and the Part-B class report date". This value could vary from course to course/class to class. If a change is made to the Hybrid Course Schedule, the "session separation days" value will have to be changed in the ATRRS database by the Contractor.

The current "session separation days" settings for FY02 are:

ACQ 201	15
BCF 211	4
LOG 201	4
PMT 352	17
PQM 201	3
SYS 201	15

Part-A Postings in ATRRS-

If you do not access the DAU Virtual Campus and acknowledge your enrollment, and therefore do not complete the Part-A Course, you will be posted in ATRRS as a Part-A "no-show". If you access the DAU Virtual Campus and acknowledge your enrollment, but don't fully/successfully complete the Part-A Course you will be posted in ATRRS as an "attrition".

ATRRS Reports-

Each ATRRS Course is assigned a minimum of one select code. The assignment of select codes provides ATRRS users greater flexibility in setting criteria for running ATRRS reports. The select codes, for DAU Hybrid courses, are as follows:

L3 – DAU Hybrid Part-A Courses/Classes

L5 – DAU Hybrid Part-B Courses/Classes

BA – DAU Hybrid Part-B Courses/Classes (Ensures that Part-B courses appear in the course drop-down list in each of the Internet Training Application Systems)

The ATRRS on-line Report Generator (TSO1) contains a Hybrid specific report. The Hybrid Class Roster Check Report (HYBRIDCK) is a real time detailed roster report at SSN level of detail. Users are required to enter the fiscal year (FY), school code (SCH), course number (CRS), and phase of the desired Part-B Course. Optionally, users may enter a specific class number for Part-B to narrow the results. Leaving class number blank will return all classes. Part-A course information is automatically displayed on the HYBRIDCK report.

The HYBRIDCK report is also available to ATRRS users via the web. The report results are not current, but should not be more than 48 hours old. The report displayed on your monitor will be dated. The data is run 5 nights a week and is available on the ATRRS Homepage at <http://www.atrrs.army.mil> under "ATRRS CHANNELS DIRECTORY", "Data-On-Demand", HYBRIDCK. Social Security Numbers and email addresses are omitted from this version of the report. You will get the complete report for all DAU Hybrid Course classes for which the Part-B class hasn't yet started.

Future Changes-

Within the next 60 days, the following requested changes will be made to ATRRS Hybrid management-

1. Part-B "waits" will be rolled to reservations on a date that is greater than 45 days prior to the Part-B class start date. It will be 'x' number of days prior to the Part-B start date, on a date that is equal to/or almost equal to the Part-A start date. This action will occur after the DOD (KA) waits roll to reservations via the CONFIRM process.
2. When a Part-A no-show or attrition is received from the OSS and there is a corresponding (same class number) Part-B reservation, ATRRS will automatically cancel the Part-B reservation. That is if system date is less than Part-B class start date.

**Dick Goetz
October 9, 2001**



ACQUISITION AND
TECHNOLOGY

PRINCIPAL DEPUTY UNDER SECRETARY OF DEFENSE

3015 DEFENSE PENTAGON
WASHINGTON DC 20301-3015



OCT 2 2001

MEMORANDUM FOR ASSISTANT SECRETARY OF ARMY (ACQUISITION,
LOGISTICS, AND TECHNOLOGY)
ASSISTANT SECRETARY OF NAVY (RESEARCH,
DEVELOPMENT, AND ACQUISITION)
ASSISTANT SECRETARY OF AIR FORCE (ACQUISITION)
DIRECTORS OF DEFENSE AGENCIES

SUBJECT: Public Vouchers

Many DoD components are requiring contractors to submit detailed cost data for processing cost reimbursement, time and materials, and labor hour contract vouchers. In many cases, this detailed data is not used, or it is used by DoD components or Contracting Officer Representatives (CORs) to perform tasks that are the responsibility of the Defense Contract Audit Agency (DCAA). I ask you to ensure that your components stop requiring contractors to submit detailed cost information as part of the billing process.

In accordance with Defense Federal Acquisition Regulation Supplement (DFARS) 242.803, DCAA has the authority and responsibility for audit examination and approval for payment of vouchers. DCAA auditors perform both incurred contract cost audits and audits of the systems that generate contract costs. These audits provide information sufficient to enable auditors to either approve and sign public vouchers, or authorize a contractor to submit vouchers directly to the disbursing office for payment. Contractors authorized by DCAA to participate in the direct billing program should submit their interim vouchers for provisional payments on cost reimbursement, time and materials, and labor hour contracts directly to the disbursing offices and attach a copy of the DCAA letter of authorization for direct submission.

This supercedes the USD(AT&L) memorandum of November 14, 1997 on the same subject. Any questions on this subject should be addressed to Mr. Richard Brown at Richard.G.Brown@osd.mil, or (703) 695-7197.

MICHAEL W. WYNNE

Customary Progress Payment Rate for Large Business

Ms. Deidre A. Lee, the Director of Defense Procurement, announces a change to the Defense Federal Acquisition Regulation Supplement (DFARS) that increases the progress payment rate for large businesses from 75 percent to 80 percent. The progress payment rate change will apply only to contract awards made on or after October 1, 2001. Contracts awarded before October 1, 2001, will not be modified to include the 80 percent rate. This change will establish a progress payment rate for large businesses under DoD contracts that matches the rate currently used by other Federal agencies. For additional information, contact Sandra Haberlin at (703) 602-0289 or via e-mail: sandra.haberlin@osd.mil.

The final rule that shows the changes made (line-in line-out) to the DFARS is available in MS-Word format at <http://www.acq.osd.mil/dp/dars/lilo/2001d012f.doc>.

The Federal Register notice is available in txt format at <http://www.acq.osd.mil/dp/dars/fedregs/2001d012f.txt>.



REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY
ACQUISITION LOGISTICS AND TECHNOLOGY
103 ARMY PENTAGON
WASHINGTON DC 20310-0103

24 SEP 2001



SAAL-PP

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Class Deviation to the DFARS Regarding Sale and Exchange of
Nonexcess Personal Property - 01-DEV-01

I hereby grant an Army-wide deviation to DFARS Subpart 217.70, Exchange of Personal Property, and DFARS solicitation provision 252.217-7002, Offering Property for Exchange. This deviation extends the same action taken previously as 99-DEV-03, that expires September 30, 2001.

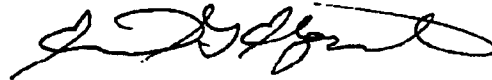
Pursuant to this deviation, Army contracting activities are permitted to use the procedures described in the subparts above for the sale, as well as the exchange, of nonexcess personal property. The deviation implements the authority contained within the Department of Defense Materiel Management Regulation, DoD 4140.1-R, dated May 1998, subparagraph C6.2, Exchange or Sale of Nonexcess Personal Property.

This is a deviation within the definition of FAR 1.401(c). It should not have a significant effect beyond the internal operating procedures of the Army, or a significant cost or administrative impact on offerors or contractors. The amounts and types of nonexcess personal property that can now be sold are identical to that which could previously only be exchanged. The deviation will permit a wider range of companies to participate in Army procurements and should result in more advantageous business arrangements for the Army.

This deviation is available for use until September 30, 2003 or until the DFARS is appropriately amended. Its assigned deviation number 01-DEV-01 will be referenced in all actions taken pursuant to its authority. The deviation will not be published for public comment in the Federal Register since it is not expected to have a significant cost or administrative impact on offerors or contractors.



This action is taken pursuant to Delegation of Class Deviation Authority granted to me by the Director of Defense Procurement in her memorandum of September 30, 1999.



Edward G. Elgart
Acting Deputy Assistant Secretary of the Army
(Procurement)

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VA 23651-5000
U.S. Army Europe and 7th Army, ATTN: AEACC, APO AE 09014-0100
U.S. Army Special Operations Command (Airborne), ATTN: AOCC, Fort Bragg,
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U.S. Army, Pacific, ATTN: APCG, Fort Shafter, HI 96858-5100
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VA 22060-5270
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Building II, 200 Stovall Street, Alexandria, VA 22332-5000
U.S. Army South, ATTN: SOCG, Fort Buchanan, PR 00934
Eighth U.S. Army, Unit 15236, APO AP 96205-0009
U.S. Army Corps of Engineers, ATTN: CECG, 441 G Street, NW, Washington,
DC 20314-1000
Defense Supply Service - Washington, 5200 Army Pentagon, Washington,
DC 20310-5200



ACQUISITION AND
TECHNOLOGY

THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

AUG 24 2001

MEMORANDUM FOR COMPONENT ACQUISITION EXECUTIVES

SUBJECT: Contracting for Applied Research

The Department of Defense (DoD) has a continuing need to acquire applied research in order to translate basic research into solutions for broadly defined military needs, short of major development efforts. Questions have been raised about the applicability of fixed price contracts to the acquisition of applied research. Although applied research, addressed in Federal Acquisition Regulation (FAR) Part 35, is generally suited to the use of cost-reimbursement types of contracts, some research requirements are suitable for acquisition with fixed price types of contracts, consistent with FAR Parts 35, 15, and 16, provided they can be defined with a degree of clarity sufficient to enable offerors to price the effort needed to achieve the required results without assuming undue risk. However, because they are specific in nature, applied research efforts do not fall within the definition of a "commercial item". They are conducted to advance the state of scientific knowledge and are not, therefore, preexisting items in any marketplace. For this reason, applied research is not suitable for acquisition under FAR Part 12.

Applied research efforts should not be confused with research-related services, such as repetitive efforts that can be priced on a per unit basis (e.g., certain laboratory tests), that may fall within the definition of "commercial services" suitable for acquisition under FAR Part 12. Market research can reveal whether such services fall within that definition by establishing whether the services are offered and sold competitively, in substantial quantities, in the commercial marketplace, based on established catalog or market prices for specific tasks performed and under standard commercial terms and conditions. Market prices mean current prices that are established in the course of ordinary trade between buyers and sellers free to bargain and that can be substantiated



through competition or from sources independent of the offerors.

Additionally, section 821 of the National Defense Authorization Act for Fiscal Year 2001 provides authority for services purchased under performance-based contracts to be treated as commercial items if certain conditions are met. The use of FAR Part 12 procedures is permitted if the contract or task order:

- Is valued at \$5 million or less;
- Sets forth specifically each task to be performed, and for each task: defines the task in measurable, mission related terms; and identifies the specific end products or output to be achieved;
- Is firm fixed price or fixed price with economic price adjustment, as defined under FAR Part 12;
- Is not issued under FAR Subpart 13.5; and
- Is issued to a source that provides similar services contemporaneously to the general public under similar terms and conditions.

This authority could apply to purchases of research-related services. Use of FAR Part 12 can simplify acquisitions and facilitate the participation of a broader array of commercial firms than might otherwise compete for such contracts.



MICHAEL W. WYNNE